



TO: NCUA Board

DATE: May 19, 2020

FROM: Office of General Counsel
Office of Examination and Insurance

SUBJ: Interim final rule: Capital
Adequacy; Prompt Corrective Action
(Part 702)

ACTION REQUESTED: NCUA Board approval to issue the attached interim final rule for a 30-day comment period.

DATE ACTION REQUESTED: May 19, 2020.

OTHER OFFICES CONSULTED: N/A

VIEWS OF OTHER OFFICES CONSULTED: N/A

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Amanda Parkhill, Supervisory CUE (Policy), Office of Examination and Insurance; Marvin Shaw, Staff Attorney, Office of General Counsel.

SUMMARY: This interim final rule temporarily modifies certain regulatory requirements to help ensure that federally insured credit unions (FICUs) remain operational and liquid during the COVID-19 crisis. Specifically, this rule makes two temporary changes to the NCUA's prompt corrective action (PCA) regulations: the first amends §702.201 to temporarily waive the earnings retention requirement for any credit union that is adequately capitalized, and the second modifies §702.206(c) with respect to net worth restoration plans. These temporary modifications will be in place until December 31, 2020.

The rule is being issued without advance notice-and-comment procedures because of the unprecedented nature and urgency of the COVID-19 pandemic.

RECOMMENDED ACTION: The NCUA Board approve by notation vote the attached interim final rule for publication in the *Federal Register* with a 30-day comment period.

ATTACHMENT: Interim final rule.